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IN THE MATTER OF THE
APPLICATION OF ARIZONA PUBLIC
SERVICE COMPANY FOR APPROVAL
OF UPDATED GREEN POWER RATE
SCHEDULES GPS-1, GPS-2 AND GPS-3.

DOCKET NO. E-01345A-10-0394

IN THE MATTER OF THE
APPLICATION OF ARIZONA PUBLIC
SERVICE COMPANY FOR APPROVAL
OF ITS 2013 RENEWABLE ENERGY
STANDARD IMPLEMENTATION FOR
RESET OF RENEWABLE ENERGY
ADJUSTOR.

DOCKET NO. E-01345A-12-0290

**COMMENTS OF WALMART ON
"TRACK AND RECORD"**

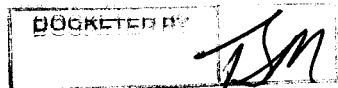
Wal-Mart Stores, Inc. ("Walmart") hereby provides the attached Comments to the
above-referenced dockets.

RESPECTFULLY submitted this 18th day of January, 2013.

Arizona Corporation Commission

DOCKETED

JAN 18 2013



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By

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1 ORIGINAL and 13 copies filed
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5 COPIES of the foregoing HAND-
DELIVERED this 18th day of
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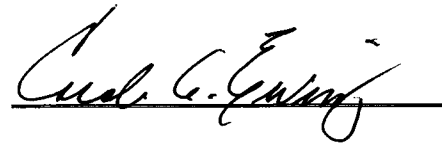
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January 18, 2013

Comments in Docket Nos. E-01345A-10-0394 and E-01345A-12-0290

In 2005, Wal-Mart Stores, Inc. ("Walmart") established three goals: 1) be supplied by 100% renewable energy; 2) create zero waste; and 3) sell products that sustain the environment.

The purpose of these comments is to address the relationship between Arizona Public Service Company's ("APS") proposed "Track and Record" method of establishing compliance with the Arizona Corporation Commission's ("Commission") Renewable Energy Standard ("RES") and Walmart's fulfillment of its aspirational goal of attaining usage of 100% renewable energy in each of its facilities. Currently Walmart has 22 solar installations in Arizona which, in 2012, generated approximately 62 million kwh of electricity.

APS recognizes that as the solar market has matured, individuals and business will be able to install distributed renewable systems without the receipt of financial incentives from APS and its customers. In fact, APS attests that in 2011 and the first half of 2012, several dozen distributed solar projects were interconnected by APS without such incentives.¹ In recognition that the customers are beginning to deploy distributed solar without having to sell the RECs from their facilities to APS in exchange for the receipt of a financial incentive, APS proposes moving toward a "track and record" system in which energy, instead of Renewable Energy Credits ("RECs") are counted toward compliance with the RES requirement. Under the proposal APS would be free to count toward its compliance with the RES energy generated by a renewable facility, without APS having to acquire the RECs associated with the facility. While on first blush it seems favorable that APS could acquire "free" RECs to count toward compliance with the RES requirements, permitting APS to count the energy, rather than the REC, toward compliance negates other free-market incentives driving customers to implement distributed renewable resources.

One important factor in Walmart's establishing its renewable energy goal is to move closer to its aspirational goal of being supplied by 100% renewable energy. Impeding Walmart's (and

¹ APS Renewable Energy Standard Implementation Plan 2013-2017 at 10.

other customers') opportunities to legitimately claim they use renewable energy could lead to a significant decrease in their desire to install renewable generation in Arizona. Additionally, any decrease in the amount of renewable generation installed by Walmart and perhaps other companies removes certain advantages such as reduction of grid congestion and the need for additional brown power generation.

When a utility counts the energy from a customer's self-funded renewable facility toward the utility's compliance with a renewable portfolio standard, the customer can no longer make a legitimate claim to the renewable energy. In order for a customer of a distributed renewable facility to claim compliance with the Green-e Energy program, the energy produced by the facility must **not** have been counted by a utility toward compliance with an environmental mandate such as a renewable portfolio standard.² Thus, whether or not APS actually "owns" a REC arising from renewable generation installation located at a Walmart facility, permitting APS to count the **energy** toward its compliance with the RES would eliminate Walmart's opportunity to count the same energy, or a REC associated with such energy, toward its voluntary renewable energy plans and goals.

A.A.C. R14-2-1803(C) specifically provides that "[a] Renewable Energy Credit is owned by the owner of the Eligible Renewable Energy Resource from which it is derived unless specifically transferred." APS's proposal to "count" towards its RES compliance the energy generated by a distributed system for which there is no contract by APS to purchase RECs is contrary to the policy established by A.A.C. R14-2-1803(C) and (E), which dictates that the owner of the generation resource owns the RECs from that resource, unless there is a contract between the REC owner and the utility which "explicitly describe[s] the transfer of rights concerning both energy and Renewable Energy Credits."

A customers' ability to show progress towards its voluntary goals makes a positive difference in the environment, encourages the development of clean renewable energy technologies, and opens new market opportunities in the energy sector. Approval of APS's "Track and Record" proposal effectively undercuts this free-market incentive. The Commission should avoid adopting a policy that impedes such incentives.

Generally, Walmart supports the Supplemental Comments filed by the Solar Energy Industries Association ("SEIA") on December 13, 2012 with respect to the "Track and

² See, Green-eEnergy National Standard Version 2.2 at 8-9. Pursuant to Green-e requirements, if either the REC or the energy from which the REC is derived is counted to meet a local, state or federal energy mandate, neither the energy nor the REC can qualify as Green-e.

Record” proposal. Specifically, Walmart shares the concerns of SEIA as they relate to the validity of RECs produced by a customer's on-site renewable system if APS is permitted to “track and record” the energy produced by those systems. By allowing the utility to claim compliance credit towards its RES requirements through the proposed “Track and Record” method, the customer generated RECs would be made worthless, after the customer has taken the initiative to install solar and other renewable energy generation at their facilities without any financial incentive from APS or the funds APS collects from its customers.

It simply defies logic to undercut a customer’s opportunity to claim that it is using renewable power when the customer uses its own resources to invest in renewable energy and consumes the renewable power at the facility where the system is installed. Permitting a utility to claim it has complied with the Commission-imposed RES requirements for distributed energy where no RES-funded incentive has been paid to deploy the generation, however, would do just that.

For customers, the desire to install renewable generation would be enhanced by their option to retain RECs for reasons previously discussed, or sell those RECs in order to help finance the project, and would create an opportunity where customers can meet their goals or invest in renewable energy projects on their properties. Customers’ ownership of RECs, and their corresponding opportunity to refer to their operations as renewable to the extent that they operate off of renewable power, makes sense. Such opportunities will likely increase customers’ desire to install renewable energy systems. If the Commission approved APS’s “Track and Record” proposal, Walmart and possibly other customers could have to either forego renewable projects or purchase replacement RECs to make up for the loss of ability to refer to their renewable systems as creating renewable energy, which would inevitably drive up the cost of installing renewable energy sources at one’s place of business. Allowing a utility to simply “track and record” generation as APS has suggested would make the REC essentially useless, and will almost certainly have a chilling impact on future renewable solar installations in Arizona. The Commission should reject APS’s “Track and Record” proposal.

Walmart would like to thank the Commission for the opportunity to submit this letter and ask that serious consideration be given to the problem created by the “Track and Record” system.